

AMENDED IN SENATE SEPTEMBER 8, 2003

AMENDED IN SENATE SEPTEMBER 2, 2003

AMENDED IN SENATE AUGUST 18, 2003

AMENDED IN SENATE JULY 3, 2003

AMENDED IN SENATE JUNE 25, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

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**ASSEMBLY BILL**

**No. 1475**

**Introduced by Assembly Member Steinberg**

February 21, 2003

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An act to amend Sections 50675.14, 53315, and 53533 of the Health and Safety Code, and to amend Sections 5806 and 5814 of the Welfare and Institutions Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1475, as amended, Steinberg. Housing: homeless.

The existing California Statewide Supportive Housing Initiative Act, which would be repealed on January 1, 2004, requires the State Department of Mental Health to award grants to local government or private nonprofit agencies for services to a target population.

This bill would extend the repeal date of the act to January 1, 2009.

The existing Housing and Emergency Shelter Trust Fund Act of 2002 requires \$195,000,000 to be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program administered by the Department of Housing and Community Development to be used for supportive housing projects for individuals

and households moving from emergency shelters or transitional housing or those at risk of homelessness. The act provides that the criteria for selecting projects should give priority to supportive housing for people with disabilities who would otherwise be at high risk of homelessness where the applications represent collaboration with programs that meet the needs of the person's disabilities. Existing law also contains provisions administered by the State Department of Mental Health known as the Adult and Older Adult Mental Health System of Care Act that establish criteria for available funding for counties with a high incidence of persons who are severely mentally ill and homeless or at risk of homelessness.

Existing law requires that the Department of Housing and Community Development's selection criteria for those funds from the Multifamily Housing Program for supportive housing projects give priority to supportive housing projects that house persons with disabilities who would otherwise be at high risk of homelessness where the application for funding demonstrates collaboration with programs that meet the needs of the residents' disabilities, and also to supporting housing projects that include a focus on measurable outcomes and a plan for evaluation that will be submitted annually to the department. Existing law also establishes provisions with respect to loan limits, borrowers' development and ownership experience, reporting requirements of borrowers, and reporting requirements of the department to the Legislature.

This bill would made technical changes to those provisions.

This bill would require counties that receive grants pursuant to the Adult and Older Adult Mental Health System of Care Act after January 1, 2004, to enter into contracts with sponsors of supportive housing projects to the greatest extent possible.

That act requires the department to annually report to the Legislature, as prescribed.

This bill would include additional requirements with respect to those annual reports.

*This bill would incorporate additional changes in Section 53533 of the Health and Safety Code proposed by this bill and AB 304 that would become operative only if both bills are chaptered and become effective on or before January 1, 2004, and this bill is chaptered last.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) When people who are seriously mentally ill are homeless and do not have access to stable, affordable housing and the services they need, they frequently enter the criminal justice system or use costly emergency services, including emergency rooms, hospitals, mental health treatment facilities, shelters, and other services for crises that could have been avoided.

(b) Permanent supportive housing, which combines well managed affordable housing with supportive services that are designed to engage and stabilize persons who have been homeless and those with serious mental illness or other disabilities, has demonstrated effectiveness in improving housing outcomes and reducing utilization of costly emergency and inpatient services for the people who are able to access this housing.

(c) As counties have established programs of integrated services to serve persons who are seriously mentally ill and homeless or at risk of homelessness, they have frequently identified a shortage of housing options to meet the needs of this target population.

(d) Additional supportive housing is needed to end or prevent homelessness for many Californians who are seriously mentally ill, and the housing programs created or expanded by Proposition 46 provide critically needed resources to respond to this need.

(e) In order for Proposition 46 bond funds to be used effectively to create housing for individuals who are seriously mentally ill and homeless or at risk of homelessness, funding must be available to provide the supportive services needed by this target population who will be residing in this housing.

(f) Investments in permanent supportive housing will produce savings to the state, while reducing costs and burdens faced by local governments, health care facilities, businesses, and the public, by producing visible and measurable differences on the street, and in hospitals, jails, and state correctional facilities.

SEC. 2. Section 50675.14 of the Health and Safety Code is amended to read:

1 50675.14. (a) This section shall apply only to supportive  
2 housing projects funded pursuant to paragraph (3) of subdivision  
3 (a) of Section 53533.

4 (b) For purposes of this section, “supportive housing” means  
5 housing with no limit on length of stay, that is occupied by the  
6 target population as defined in subdivision (d) of Section 53260,  
7 and that is linked to onsite or offsite services that assist the  
8 supportive housing resident in retaining the housing, improving  
9 his or her health status, and maximizing his or her ability to live  
10 and, when possible, work in the community.

11 (c) The criteria, established by the department, for selecting  
12 supportive housing projects shall give priority to the following:

13 (1) Supportive housing projects that house persons with  
14 disabilities who would otherwise be at high risk of homelessness,  
15 where the application for funding demonstrates collaboration with  
16 programs that meet the needs of the supportive housing residents’  
17 disabilities.

18 (2) Supportive housing projects that include a focus on  
19 measurable outcomes and a plan for evaluation, which evaluation  
20 shall be submitted by the borrowers, annually, to the department.

21 (d) The department may provide higher per-unit loan limits as  
22 reasonably necessary to provide and maintain rents that are  
23 affordable to the target population as defined in subdivision (d) of  
24 Section 53260.

25 (e) In an evaluation or ranking of a borrower’s development  
26 and ownership experience, the department shall consider  
27 experience acquired in the prior 10 years.

28 (f) (1) A borrower shall, beginning the second year after  
29 supportive housing project occupancy, include the following data  
30 in his or her annual report to the department. However, a borrower  
31 who submits an annual evaluation pursuant to subdivision (c) may,  
32 instead, include this information in the evaluation:

33 (A) The length of occupancy by each supportive housing  
34 resident for the period covered by the report.

35 (B) Changes in each supportive housing resident’s  
36 employment status during the previous year.

37 (C) Changes in each supportive housing resident’s source and  
38 amount of income during the previous year.

39 (2) The department shall include aggregate data with respect to  
40 the supportive housing projects described in this section in the

1 report that it submits to the Legislature pursuant to Section  
2 50675.12.

3 (g) The department shall consider, commencing in the second  
4 year of the funding, the feasibility and appropriateness of  
5 modifying its regulations to increase the use of funds by small  
6 projects. In doing this, the department shall consider its  
7 operational needs and prior history of funding supportive housing  
8 facilities.

9 SEC. 3. Section 53315 of the Health and Safety Code is  
10 amended to read:

11 53315. This chapter shall remain in effect only until January  
12 1, 2009, and as of that date is repealed, unless a later enacted  
13 statute, that is enacted before January 1, 2009, deletes or extends  
14 that date.

15 SEC. 4. Section 53533 of the Health and Safety Code is  
16 amended to read:

17 53533. (a) Money deposited in the fund from the sale of  
18 bonds pursuant to this part shall be allocated for expenditure in  
19 accordance with the following schedule:

20 (1) Nine hundred ten million dollars (\$910,000,000) shall be  
21 transferred to the Housing Rehabilitation Loan Fund to be  
22 expended for the Multifamily Housing Program authorized by  
23 Chapter 6.7 (commencing with Section 50675) of Part 2, except  
24 for the following:

25 (A) Fifty million dollars (\$50,000,000) shall be transferred to  
26 the Preservation Opportunity Fund and, notwithstanding Section  
27 13340 of the Government Code, is continuously appropriated  
28 without regard to fiscal years for the preservation of at-risk  
29 housing pursuant to enabling legislation.

30 (B) Twenty million dollars (\$20,000,000) shall be used for  
31 nonresidential space for supportive services, including, but not  
32 limited to, job training, health services, and child care within, or  
33 immediately proximate to, projects to be funded under the  
34 Multifamily Housing Program. This funding shall be in addition  
35 to any applicable per-unit or project loan limits and may be in the  
36 form of a grant. Service providers shall ensure that services are  
37 available to project residents on a priority basis over the general  
38 public.

1 (C) Twenty-five million dollars (\$25,000,000) shall be used for  
2 matching grants to local housing trust funds pursuant to enabling  
3 legislation.

4 (D) Fifteen million dollars (\$15,000,000) shall be used for  
5 student housing through the Multifamily Housing Program,  
6 subject to the following provisions:

7 (i) The department shall give first priority for projects on land  
8 owned by a University of California or California State University  
9 campus. Second priority shall be given to projects located within  
10 one mile of a University of California or California State  
11 University campus that is suffering from a severe shortage of  
12 housing and limited availability of developable land as determined  
13 by the department. Those determinations shall be set forth in the  
14 Notice of Funding Availability and shall not be subject to the  
15 requirements of Chapter 3.5 (commencing with Section 11340) of  
16 Part 1 of Title 2 of the Government Code.

17 (ii) All funds shall be matched on a one-to-one basis from  
18 private sources or by the University of California or California  
19 State University. For the purposes of this subparagraph,  
20 “University of California” includes the Hastings College of the  
21 Law.

22 (iii) Occupancy for the units shall be restricted to students  
23 enrolled on a full-time basis in the University of California or  
24 California State University.

25 (iv) Income eligibility pursuant to the Multifamily Housing  
26 Program shall be established by verification of the combined  
27 income of the student and his or her family.

28 (v) Any funds not used for this purpose within 24 months of the  
29 date that the funds are made available shall be awarded pursuant  
30 to subdivision (a) for the Downtown Rebound Program as set forth  
31 in paragraph (1) of subdivision (c) of Section 50898.2.

32 (E) Any funds not encumbered for the purposes set forth in this  
33 paragraph, except subparagraph (D), within 30 months of  
34 availability shall revert to the Housing Rehabilitation Loan Fund  
35 created by Section 50661 for general use in the Multifamily  
36 Housing Program.

37 (F) If the enabling legislation for any program specified in this  
38 paragraph fails to be enacted into law in the 2001–02 Regular  
39 Session of the Legislature, the specified allocation for that

1 program shall be void and the funds shall revert for general use in  
2 the Multifamily Housing Program.

3 (2) One hundred ninety-five million dollars (\$195,000,000)  
4 shall be transferred to the Emergency Housing and Assistance  
5 Fund to be expended for the Emergency Housing and Assistance  
6 Program authorized by Chapter 11.5 (commencing with Section  
7 50800 of Part 2).

8 (3) One hundred ninety-five million dollars (\$195,000,000)  
9 shall be transferred to the Housing Rehabilitation Loan Fund to be  
10 expended for supportive housing projects for the Multifamily  
11 Housing Program authorized by Chapter 6.7 (commencing with  
12 Section 50675) of Part 2, to serve individuals and households  
13 moving from emergency shelters or transitional housing or those  
14 at risk of homelessness.

15 (4) Two hundred million dollars (\$200,000,000) shall be  
16 transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund  
17 to be expended for farmworker housing programs authorized by  
18 Chapter 3.2 (commencing with Section 50517.5) of Part 2, except  
19 for the following:

20 (A) Twenty-five million dollars (\$25,000,000) shall be used  
21 for projects that serve migratory agricultural workers as defined in  
22 subdivision (i) of Section 7602 of Title 25 of the California Code  
23 of Regulations. If, after July 1, 2003, funds remain after the  
24 approval of all feasible applications, the department shall be  
25 deemed an eligible recipient for the purposes of reconstructing  
26 migrant centers operated through the Office of Migrant Services  
27 pursuant to Chapter 8.5 (commencing with Section 50710) that  
28 would otherwise be scheduled for closure due to health or safety  
29 considerations or are in need of significant repairs to ensure the  
30 health and safety of the residents. Of the dollars allocated by this  
31 section, the department shall receive four million one hundred  
32 thousand dollars (\$4,100,000) for these purposes.

33 (B) Twenty million dollars (\$20,000,000) shall be used for  
34 developments that also provide health services to the residents.  
35 Recipients of these funds shall be required to provide ongoing  
36 monitoring of funded developments to ensure compliance with the  
37 requirements of the Joe Serna, Jr. Farmworker Housing Grant  
38 Program. Projects receiving funds through this allocation shall be  
39 ineligible for funding through the Joe Serna, Jr. Farmworker  
40 Housing Grant Program.



(C) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.

(5) Two hundred five million dollars (\$205,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 13340 of the Government Code and Section 50697.1, these funds are hereby continuously appropriated without regard to fiscal years to the department to be expended for the purposes of the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except for the following:

(A) Seventy-five million dollars (\$75,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to enabling legislation.

(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that housing accessible to persons with disabilities. For the purposes of this subparagraph, “exterior modifications” includes modifications that are made to entryways or to common areas of the structure or property. The program provided for under this subparagraph shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(C) Ten million dollars (\$10,000,000) shall be expended for construction management under the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.

(D) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the CalHome Program.

(E) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001–02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the CalHome Program.

(6) Five million dollars (\$5,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for capital expenditures in support of local code enforcement and compliance



1 programs. This allocation shall not be subject to the requirements  
2 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title  
3 2 of the Government Code. If the moneys allocated pursuant to this  
4 paragraph are not expended within three years after being  
5 transferred, the department may, in its discretion, transfer the  
6 moneys to the Housing Rehabilitation Loan Fund to be expended  
7 for the Multifamily Housing Program.

8 (7) Two hundred ninety million dollars (\$290,000,000) shall be  
9 transferred to the Self-Help Housing Fund. Notwithstanding  
10 Section 50697.1, these funds are hereby continuously  
11 appropriated to the agency to be expended for the purposes of the  
12 California Homebuyer's Downpayment Assistance Program  
13 authorized by Chapter 11 (commencing with Section 51500) of  
14 Part 3, except for the following:

15 (A) Fifty million dollars (\$50,000,000) shall be transferred to  
16 the School Facilities Fee Assistance Fund as provided by  
17 subdivision (a) of Section 51453 to be used for the Homebuyer  
18 Down Payment Assistance Program of 2002 established by  
19 Section 51451.5.

20 (B) Eighty-five million dollars (\$85,000,000) shall be  
21 transferred to the California Housing Loan Insurance Fund to be  
22 used for purposes of Part 4 (commencing with Section 51600).

23 (C) Twelve million five hundred thousand dollars  
24 (\$12,500,000) shall be reserved for downpayment assistance to  
25 low-income first-time homebuyers who, as documented to the  
26 agency by a nonprofit organization certified and funded to provide  
27 homeownership counseling by a federally funded national  
28 nonprofit corporation, is purchasing a residence in a community  
29 revitalization area targeted by the nonprofit organization and who  
30 has received homeownership counseling from the nonprofit  
31 organization.

32 (D) Twenty-five million dollars (\$25,000,000) shall be used  
33 for downpayment assistance pursuant to Section 51505. After 18  
34 months of availability, if the agency determines that the funds set  
35 aside pursuant to this section will not be utilized for purposes of  
36 Section 51505, these funds shall be available for the general use  
37 of the agency for the purposes of the California Homebuyer's  
38 Downpayment Assistance Program, but may also continue to be  
39 available for the purposes of Section 51505.

(E) Funds not utilized for the purposes set forth in subparagraphs (B) and (C) within 30 months shall revert for general use in the California Homebuyer's Downpayment Assistance Program.

(8) One hundred million dollars (\$100,000,000) shall be transferred to the Jobs Housing Improvement Account to be expended as capital grants to local governments for increasing housing pursuant to enabling legislation. If the enabling legislation fails to become law in the 2001–02 Regular Session of the Legislature, the specified allocation for this program shall be void and the funds shall revert for general use in the Multifamily Housing Program as specified in paragraph (1) of subdivision (a).

(b) No portion of the money allocated pursuant to this section may be expended for project operating costs, except that this section does not preclude expenditures for operating costs from reserves required to be maintained by or on behalf of the project sponsor.

(c) The Legislature may, from time to time, amend the provisions of law related to programs to which funds are, or have been, allocated pursuant to this section for the purpose of improving the efficiency and effectiveness of the program, or for the purpose of furthering the goals of the program.

(d) The Bureau of State Audits shall conduct periodic audits to ensure that bond proceeds are awarded in a timely fashion and in a manner consistent with the requirements of this part, and that awardees of bond proceeds are using funds in compliance with applicable provisions of this part.

*SEC. 4.5. Section 53533 of the Health and Safety Code is amended to read:*

53533. (a) Money deposited in the fund from the sale of bonds pursuant to this part shall be allocated for expenditure in accordance with the following schedule:

(1) Nine hundred ten million dollars (\$910,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, except for the following:

(A) Fifty million dollars (\$50,000,000) shall be transferred to the Preservation Opportunity Fund and, notwithstanding Section 13340 of the Government Code, is continuously appropriated

without regard to fiscal years for the preservation of at-risk housing pursuant to ~~enabling legislation Chapter 5 (commencing with Section 50600) of Part 2.~~

(B) Twenty million dollars (\$20,000,000) shall be used for nonresidential space for supportive services, including, but not limited to, job training, health services, and child care within, or immediately proximate to, projects to be funded under the Multifamily Housing Program. This funding shall be in addition to any applicable per-unit or project loan limits and may be in the form of a grant. Service providers shall ensure that services are available to project residents on a priority basis over the general public.

(C) Twenty-five million dollars (\$25,000,000) shall be used for matching grants to local housing trust funds pursuant to ~~enabling legislation Section 50843.~~

(D) Fifteen million dollars (\$15,000,000) shall be used for student housing through the Multifamily Housing Program, subject to the following provisions:

(i) The department shall give first priority for projects on land owned by a University of California or California State University campus. Second priority shall be given to projects located within one mile of a University of California or California State University campus that is suffering from a severe shortage of housing and limited availability of developable land as determined by the department. Those determinations shall be set forth in the Notice of Funding Availability and shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(ii) All funds shall be matched on a one-to-one basis from private sources or by the University of California or California State University. For the purposes of this subparagraph, “University of California” includes the Hastings College of the Law.

(iii) Occupancy for the units shall be restricted to students enrolled on a full-time basis in the University of California or California State University.

(iv) Income eligibility pursuant to the Multifamily Housing Program shall be established by verification of the combined income of the student and his or her family.

(v) Any funds not used for this purpose within 24 months of the date that the funds are made available shall be awarded pursuant to subdivision (a) for the Downtown Rebound Program as set forth in paragraph (1) of subdivision (c) of Section 50898.2.

(E) Any funds not encumbered for the purposes set forth in this paragraph, except subparagraph (D), within 30 months of availability shall revert to the Housing Rehabilitation Loan Fund created by Section 50661 for general use in the Multifamily Housing Program.

~~(F) If the enabling legislation for any program specified in this paragraph fails to be enacted into law in the 2001-02 Regular Session of the Legislature, the specified allocation for that program shall be void and the funds shall revert for general use in the Multifamily Housing Program.~~

(2) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Emergency Housing and Assistance Fund to be expended for the Emergency Housing and Assistance Program authorized by Chapter 11.5 (commencing with Section 50800 of Part 2).

(3) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for *supportive housing projects under* the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, ~~to be used for supportive housing projects for~~ *serve* individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. ~~The criteria for selecting projects should give priority to supportive housing for people with disabilities who would otherwise be at high risk of homelessness where the applications represent collaboration with programs that meet the needs of the person's disabilities. The department may provide for higher per-unit loan limits as reasonably necessary to provide and maintain rents affordable to those individuals and households. For purposes of this paragraph, "supportive housing" means housing with no limit on length of stay, that is occupied by the target population, as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the tenant to retain the housing, improve his or her health status, maximize his or her ability to live, and, when possible, work in the community.~~

(4) Two hundred million dollars (\$200,000,000) shall be transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund to be expended for farmworker housing programs authorized by Chapter 3.2 (commencing with Section 50517.5) of Part 2, except for the following:

(A) Twenty-five million dollars (\$25,000,000) shall be used for projects that serve migratory agricultural workers as defined in subdivision (i) of Section 7602 of Title 25 of the California Code of Regulations. If, after July 1, 2003, funds remain after the approval of all feasible applications, the department shall be deemed an eligible recipient for the purposes of reconstructing migrant centers operated through the Office of Migrant Services pursuant to Chapter 8.5 (commencing with Section 50710) that would otherwise be scheduled for closure due to health or safety considerations or are in need of significant repairs to ensure the health and safety of the residents. Of the dollars allocated by this section, the department shall receive four million one hundred thousand dollars (\$4,100,000) for these purposes.

(B) Twenty million dollars (\$20,000,000) shall be used for developments that also provide health services to the residents. Recipients of these funds shall be required to provide ongoing monitoring of funded developments to ensure compliance with the requirements of the Joe Serna, Jr. Farmworker Housing Grant Program. Projects receiving funds through this allocation shall be ineligible for funding through the Joe Serna, Jr. Farmworker Housing Grant Program.

(C) Any funds not encumbered for the purposes set forth in this paragraph within 30 months of availability shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.

(5) Two hundred five million dollars (\$205,000,000) shall be transferred to the Self-Help Housing Fund. Notwithstanding Section 13340 of the Government Code and Section 50697.1, these funds are hereby continuously appropriated without regard to fiscal years to the department to be expended for the purposes of the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except for the following:

(A) Seventy-five million dollars (\$75,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to—enabling

1 ~~legislation Chapter 4.5 (commencing with Section 50860) of Part~~  
2 ~~I.~~

3 (B) Five million dollars (\$5,000,000) shall be used to provide  
4 grants to cities, counties, cities and counties, and nonprofit  
5 organizations to provide grants for lower income tenants with  
6 disabilities for the purpose of making exterior modifications to  
7 rental housing in order to make that housing accessible to persons  
8 with disabilities. For the purposes of this subparagraph, “exterior  
9 modifications” includes modifications that are made to entryways  
10 or to common areas of the structure or property. The program  
11 provided for under this subparagraph shall not be subject to the  
12 requirements of Chapter 3.5 (commencing with Section 11340) of  
13 Part 1 of Title 2 of the Government Code.

14 (C) Ten million dollars (\$10,000,000) shall be expended for  
15 construction management under the California Self-Help Housing  
16 Program pursuant to subdivision (b) of Section 50696.

17 (D) Any funds not encumbered for the purposes set forth in this  
18 paragraph within 30 months of availability shall revert for general  
19 use in the CalHome Program.

20 ~~(E) If the enabling legislation for any program specified in this~~  
21 ~~paragraph fails to be enacted into law in the 2001–02 Regular~~  
22 ~~Session of the Legislature, the specified allocation for that~~  
23 ~~program shall be void and the funds shall revert for general use in~~  
24 ~~the CalHome Program.~~

25 (6) Five million dollars (\$5,000,000) shall be transferred to the  
26 Housing Rehabilitation Loan Fund to be expended for capital  
27 expenditures in support of local code enforcement and compliance  
28 programs. This allocation shall not be subject to the requirements  
29 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title  
30 2 of the Government Code. If the moneys allocated pursuant to this  
31 paragraph are not expended within three years after being  
32 transferred, the department may, in its discretion, transfer the  
33 moneys to the Housing Rehabilitation Loan Fund to be expended  
34 for the Multifamily Housing Program.

35 (7) Two hundred ninety million dollars (\$290,000,000) shall be  
36 transferred to the Self-Help Housing Fund. Notwithstanding  
37 Section 50697.1, these funds are hereby continuously  
38 appropriated to the agency to be expended for the purposes of the  
39 California Homebuyer’s Downpayment Assistance Program



authorized by Chapter 11 (commencing with Section 51500) of Part 3, except for the following:

(A) Fifty million dollars (\$50,000,000) shall be transferred to the School Facilities Fee Assistance Fund as provided by subdivision (a) of Section 51453 to be used for the Homebuyer Down Payment Assistance Program of 2002 established by Section 51451.5.

(B) Eighty-five million dollars (\$85,000,000) shall be transferred to the California Housing Loan Insurance Fund to be used for purposes of Part 4 (commencing with Section 51600). *The agency may transfer these moneys as often as quarterly in amounts that shall not exceed the dollar amount of new insurance written by the agency during the preceding quarter for loans for the purchase of homes made to owner-occupant borrowers with incomes not exceeding 120 percent of the area median income, divided by the risk-to-capital ratio required for the maintenance of satisfactory credit ratings from nationally recognized credit rating services.*

(C) (i) Twelve million five hundred thousand dollars (\$12,500,000) shall be reserved for downpayment assistance to low-income first-time homebuyers who, as documented to the agency by a nonprofit organization certified and funded to provide homeownership counseling by a federally funded national nonprofit corporation, ~~is~~ *are* purchasing a residence in a community revitalization area targeted by the nonprofit organization and who has received homeownership counseling from the nonprofit organization. *Community revitalization areas shall be limited to targeted neighborhoods identified by qualified nonprofit organizations as those neighborhoods in need of economic stimulation, renovation, and rehabilitation through efforts that include increased homeownership opportunities for low-income families.*

(ii) *Effective January 1, 2004, 50 percent of the funds available pursuant to clause (i) shall be available for downpayment assistance in an amount not to exceed 6 percent of the home sales price.*

(iii) *After 12 months of availability, if more than 50 percent of the funds set aside pursuant to clause (ii) have been encumbered, the agency shall discontinue that program and make all remaining funds available for downpayment assistance pursuant to clause*



1 *(i). If, however, less than 50 percent of the funds allocated pursuant*  
2 *to clause (ii) are encumbered after that 12-month period, the*  
3 *agency may, at its sole discretion, either make all remaining funds*  
4 *provided pursuant to clause (i) available for the purpose of clause*  
5 *(ii), or may continue to implement clause (ii) until all of the funds*  
6 *allocated for that purpose as of January 1, 2004, have been*  
7 *encumbered.*

8 (D) Twenty-five million dollars (\$25,000,000) shall be used  
9 for downpayment assistance pursuant to Section 51505. After 18  
10 months of availability, if the agency determines that the funds set  
11 aside pursuant to this section will not be utilized for purposes of  
12 Section 51505, these funds shall be available for the general use  
13 of the agency for the purposes of the California Homebuyer's  
14 Downpayment Assistance Program, but may also continue to be  
15 available for the purposes of Section 51505.

16 (E) Funds not utilized for the purposes set forth in  
17 subparagraphs (B) and (C) within 30 months shall revert for  
18 general use in the California Homebuyer's Downpayment  
19 Assistance Program.

20 (8) One hundred million dollars (\$100,000,000) shall be  
21 transferred to the Jobs Housing Improvement Account to be  
22 expended as capital grants to local governments for increasing  
23 housing pursuant to enabling legislation. If the enabling  
24 legislation fails to become law in the 2001–02 Regular Session of  
25 the Legislature, the specified allocation for this program shall be  
26 void and the funds shall revert for general use in the Multifamily  
27 Housing Program as specified in paragraph (1) of subdivision (a).

28 (b) No portion of the money allocated pursuant to this section  
29 may be expended for project operating costs, except that this  
30 section does not preclude expenditures for operating costs from  
31 reserves required to be maintained by or on behalf of the project  
32 sponsor.

33 (c) The Legislature may, from time to time, amend the  
34 provisions of law related to programs to which funds are, or have  
35 been, allocated pursuant to this section for the purpose of  
36 improving the efficiency and effectiveness of the program, or for  
37 the purpose of furthering the goals of the program.

38 (d) The Bureau of State Audits shall conduct periodic audits to  
39 ensure that bond proceeds are awarded in a timely fashion and in  
40 a manner consistent with the requirements of this part, and that

1 awardees of bond proceeds are using funds in compliance with  
2 applicable provisions of this part.

3 SEC. 5. Section 5806 of the Welfare and Institutions Code is  
4 amended to read:

5 5806. The State Department of Mental Health shall establish  
6 service standards that ensure that members of the target population  
7 are identified, and services provided to assist them to live  
8 independently, work, and reach their potential as productive  
9 citizens. The department shall provide annual oversight of grants  
10 issued pursuant to this part for compliance with these standards.  
11 These standards shall include, but are not limited to, all of the  
12 following:

13 (a) A service planning and delivery process that is target  
14 population based and includes the following:

15 (1) Determination of the numbers of clients to be served and the  
16 programs and services that will be provided to meet their needs.  
17 The local director of mental health shall consult with the sheriff,  
18 the police chief, the probation officer, the mental health board,  
19 contract agencies, and family, client, ethnic and citizen  
20 constituency groups as determined by the director.

21 (2) Plans for services, including outreach to families whose  
22 severely mentally ill adult is living with them, design of mental  
23 health services, coordination and access to medications,  
24 psychiatric and psychological services, substance abuse services,  
25 supportive housing or other housing assistance, vocational  
26 rehabilitation, and veterans' services. Plans shall also contain  
27 evaluation strategies, that shall consider cultural, linguistic,  
28 gender, age, and special needs of minorities in the target  
29 populations. Provision shall be made for staff with the cultural  
30 background and linguistic skills necessary to remove barriers to  
31 mental health services due to limited-English-speaking ability and  
32 cultural differences. Recipients of outreach services may include  
33 families, the public, primary care physicians, and others who are  
34 likely to come into contact with individuals who may be suffering  
35 from an untreated severe mental illness who would be likely to  
36 become homeless if the illness continued to be untreated for a  
37 substantial period of time. Outreach to adults may include adults  
38 voluntarily or involuntarily hospitalized as a result of a severe  
39 mental illness.

1 (3) Provisions for services to meet the needs of target  
2 population clients who are physically disabled.

3 (4) Provision for services to meet the special needs of older  
4 adults.

5 (5) Provision for family support and consultation services,  
6 parenting support and consultation services, and peer support or  
7 self-help group support, where appropriate for the individual.

8 (6) Provision for services to be client-directed and that employ  
9 psychosocial rehabilitation and recovery principles.

10 (7) Provision for psychiatric and psychological services that  
11 are integrated with other services and for psychiatric and  
12 psychological collaboration in overall service planning.

13 (8) Provision for services specifically directed to seriously  
14 mentally ill young adults 25 years of age or younger who are  
15 homeless or at significant risk of becoming homeless. These  
16 provisions may include continuation of services that would still be  
17 received through other funds had eligibility not been terminated  
18 due to age.

19 (9) Services reflecting special needs of women from diverse  
20 cultural backgrounds, including supportive housing that accepts  
21 children, personal services coordinator therapeutic treatment, and  
22 substance treatment programs that address gender specific trauma  
23 and abuse in the lives of persons with mental illness, and  
24 vocational rehabilitation programs that offer job training  
25 programs free of gender bias and sensitive to the needs of women.

26 (10) Provision for housing for clients that is immediate,  
27 transitional, permanent, or all of these.

28 (11) Provision for clients who have been suffering from an  
29 untreated severe mental illness for less than one year, and who do  
30 not require the full range of services but are at risk of becoming  
31 homeless unless a comprehensive individual and family support  
32 services plan is implemented. These clients shall be served in a  
33 manner that is designed to meet their needs.

34 (b) Each client shall have a clearly designated mental health  
35 personal services coordinator who may be part of a  
36 multidisciplinary treatment team who is responsible for providing  
37 or assuring needed services. Responsibilities include complete  
38 assessment of the client's needs, development of the client's  
39 personal services plan, linkage with all appropriate community  
40 services, monitoring of the quality and follow through of services,

1 and necessary advocacy to ensure each client receives those  
2 services which are agreed to in the personal services plan. Each  
3 client shall participate in the development of his or her personal  
4 services plan, and responsible staff shall consult with the  
5 designated conservator, if one has been appointed, and, with the  
6 consent of the client, consult with the family and other significant  
7 persons as appropriate.

8 (c) The individual personal services plan shall ensure that  
9 members of the target population involved in the system of care  
10 receive age, gender, and culturally appropriate services, to the  
11 extent feasible, that are designed to enable recipients to:

12 (1) Live in the most independent, least restrictive housing  
13 feasible in the local community, and for clients with children, to  
14 live in a supportive housing environment that strives for  
15 reunification with their children or assists clients in maintaining  
16 custody of their children as is appropriate.

17 (2) Engage in the highest level of work or productive activity  
18 appropriate to their abilities and experience.

19 (3) Create and maintain a support system consisting of friends,  
20 family, and participation in community activities.

21 (4) Access an appropriate level of academic education or  
22 vocational training.

23 (5) Obtain an adequate income.

24 (6) Self-manage their illness and exert as much control as  
25 possible over both the day-to-day and long-term decisions which  
26 affect their lives.

27 (7) Access necessary physical health care and maintain the best  
28 possible physical health.

29 (8) Reduce or eliminate serious antisocial or criminal behavior  
30 and thereby reduce or eliminate their contact with the criminal  
31 justice system.

32 (9) Reduce or eliminate the distress caused by the symptoms of  
33 mental illness.

34 (10) Have freedom from dangerous addictive substances.

35 (d) The individual personal services plan shall describe the  
36 service array that meets the requirements of subdivision (c), and  
37 to the extent applicable to the individual, the requirements of  
38 subdivision (a).

39 SEC. 6. Section 5814 of the Welfare and Institutions Code is  
40 amended to read:

1 5814. (a) (1) This part shall be implemented only to the  
2 extent that funds are appropriated for purposes of this part. To the  
3 extent that funds are made available, the first priority shall go to  
4 maintain funding for the existing programs that meet adult system  
5 of care contract goals. The next priority for funding shall be given  
6 to counties with a high incidence of persons who are severely  
7 mentally ill and homeless or at risk of homelessness, and meet the  
8 criteria developed pursuant to paragraphs (3) and (4).

9 (2) The director shall establish a methodology for awarding  
10 grants under this part consistent with the legislative intent  
11 expressed in Section 5802, and in consultation with the advisory  
12 committee established in this subdivision.

13 (3) (A) The director shall establish an advisory committee for  
14 the purpose of providing advice regarding the development of  
15 criteria for the award of grants, and the identification of specific  
16 performance measures for evaluating the effectiveness of grants.  
17 The committee shall review evaluation reports and make findings  
18 on evidence-based best practices and recommendations for grant  
19 conditions. At not less than one meeting annually, the advisory  
20 committee shall provide to the director written comments on the  
21 performance of each of the county programs. Upon request by the  
22 department, each participating county that is the subject of a  
23 comment shall provide a written response to the comment. The  
24 department shall comment on each of these responses at a  
25 subsequent meeting.

26 (B) The committee shall include, but not be limited to,  
27 representatives from state, county, and community veterans'  
28 services and disabled veterans outreach programs, supportive  
29 housing and other housing assistance programs, law enforcement,  
30 county mental health and private providers of local mental health  
31 services and mental health outreach services, the Board of  
32 Corrections, the State Department of Alcohol and Drug Programs,  
33 local substance abuse services providers, the Department of  
34 Rehabilitation, providers of local employment services, the State  
35 Department of Social Services, the Department of Housing and  
36 Community Development, a service provider to transition youth,  
37 the United Advocates for Children of California, the California  
38 Mental Health Advocates for Children and Youth, the Mental  
39 Health Association of California, the California Alliance for the

1 Mentally Ill, the California Network of Mental Health Clients, the  
2 Mental Health Planning Council, and other appropriate entities.

3 (4) The criteria for the award of grants shall include, but not be  
4 limited to, all of the following:

5 (A) A description of a comprehensive strategic plan for  
6 providing outreach, prevention, intervention, and evaluation in a  
7 cost appropriate manner corresponding to the criteria specified in  
8 subdivision (c).

9 (B) A description of the local population to be served, ability  
10 to administer an effective service program, and the degree to which  
11 local agencies and advocates will support and collaborate with  
12 program efforts.

13 (C) A description of efforts to maximize the use of other state,  
14 federal, and local funds or services that can support and enhance  
15 the effectiveness of these programs.

16 (5) In order to reduce the cost of providing supportive housing  
17 for clients, counties that receive a grant pursuant to this part after  
18 January 1, 2004, shall enter into contracts with sponsors of  
19 supportive housing projects to the greatest extent possible.  
20 Participating counties are encouraged to commit a portion of their  
21 grants to rental assistance for a specified number of housing units  
22 in exchange for the counties' clients having the right of first refusal  
23 to rent the assisted units.

24 (b) In each year in which additional funding is provided by the  
25 annual Budget Act the department shall establish programs that  
26 offer individual counties sufficient funds to comprehensively  
27 serve severely mentally ill adults who are homeless, recently  
28 released from a county jail or the state prison, or others who are  
29 untreated, unstable, and at significant risk of incarceration or  
30 homelessness unless treatment is provided to them and who are  
31 severely mentally ill adults. For purposes of this subdivision,  
32 "severely mentally ill adults" are those individuals described in  
33 subdivision (b) of Section 5600.3. In consultation with the  
34 advisory committee established pursuant to paragraph (3) of  
35 subdivision (a), the department shall report to the Legislature on  
36 or before May 1 of each year in which additional funding is  
37 provided, and shall evaluate, at a minimum, the effectiveness of  
38 the strategies in providing successful outreach and reducing  
39 homelessness, involvement with local law enforcement, and other  
40 measures identified by the department. The evaluation shall

1 include for each program funded in the current fiscal year as much  
2 of the following as available information permits:

3 (1) The number of persons served, and of those, the number  
4 who receive extensive community mental health services.

5 (2) The number of persons who are able to maintain housing,  
6 including the type of housing and whether it is emergency,  
7 transitional, or permanent housing, as defined by the department.

8 (3) (A) The amount of grant funding spent on each type of  
9 housing.

10 (B) Other local, state, or federal funds or programs used to  
11 house clients.

12 (4) The number of persons with contacts with local law  
13 enforcement and the extent to which local and state incarceration  
14 has been reduced or avoided.

15 (5) The number of persons participating in employment service  
16 programs including competitive employment.

17 (6) The number of persons contacted in outreach efforts who  
18 appear to be severely mentally ill, as described in Section 5600.3,  
19 who have refused treatment after completion of all applicable  
20 outreach measures.

21 (7) The amount of hospitalization that has been reduced or  
22 avoided.

23 (8) The extent to which veterans identified through these  
24 programs' outreach are receiving federally funded veterans'  
25 services for which they are eligible.

26 (9) The extent to which programs funded for three or more  
27 years are making a measurable and significant difference on the  
28 street, in hospitals, and in jails, as compared to other counties or  
29 as compared to those counties in previous years.

30 (10) For those who have been enrolled in this program for at  
31 least two years and who were enrolled in Medi-Cal prior to, and  
32 at the time they were enrolled in, this program, a comparison of  
33 their Medi-Cal hospitalizations and other Medi-Cal costs for the  
34 two years prior to enrollment and the two years after enrollment  
35 in this program.

36 (11) The number of persons served who were and were not  
37 receiving Medi-Cal benefits in the 12-month period prior to  
38 enrollment and, to the extent possible, the number of emergency  
39 room visits and other medical costs for those not enrolled in  
40 Medi-Cal in the prior 12-month period.



1 (c) To the extent that state savings associated with providing  
2 integrated services for the mentally ill are quantified, it is the intent  
3 of the Legislature to capture those savings in order to provide  
4 integrated services to additional adults.

5 (d) Each project shall include outreach and service grants in  
6 accordance with a contract between the state and approved  
7 counties that reflects the number of anticipated contacts with  
8 people who are homeless or at risk of homelessness, and the  
9 number of those who are severely mentally ill and who are likely  
10 to be successfully referred for treatment and will remain in  
11 treatment as necessary.

12 (e) All counties that receive funding shall be subject to specific  
13 terms and conditions of oversight and training which shall be  
14 developed by the department, in consultation with the advisory  
15 committee.

16 (f) (1) As used in this part, “receiving extensive mental health  
17 services” means having a personal services coordinator, as  
18 described in subdivision (b) of Section 5806, and having an  
19 individual personal service plan, as described in subdivision (c) of  
20 Section 5806.

21 (2) The funding provided pursuant to this part shall be  
22 sufficient to provide mental health services, medically necessary  
23 medications to treat severe mental illnesses, alcohol and drug  
24 services, transportation, supportive housing and other housing  
25 assistance, vocational rehabilitation and supported employment  
26 services, money management assistance for accessing other health  
27 care and obtaining federal income and housing support, accessing  
28 veterans’ services, stipends, and other incentives to attract and  
29 retain sufficient numbers of qualified professionals as necessary to  
30 provide the necessary levels of these services. These grants shall,  
31 however, pay for only that portion of the costs of those services not  
32 otherwise provided by federal funds or other state funds.

33 (3) Methods used by counties to contract for services pursuant  
34 to paragraph (2) shall promote prompt and flexible use of funds,  
35 consistent with the scope of services for which the county has  
36 contracted with each provider.

37 (g) Contracts awarded pursuant to this part shall be exempt  
38 from the Public Contract Code and the state administrative manual  
39 and shall not be subject to the approval of the Department of  
40 General Services.

1 (h) Notwithstanding any other provision of law, funds awarded  
2 to counties pursuant to this part and Part 4 (commencing with  
3 Section 5850) shall not require a local match in funds.

4 *SEC. 7. Section 4.5 of this bill incorporates amendments to*  
5 *Section 53533 of the Health and Safety Code proposed by both this*  
6 *bill and AB 304. It shall only become operative if (1) both bills are*  
7 *enacted and become effective on or before January 1, 2004, (2)*  
8 *each bill amends Section 53533 of the Health and Safety Code, and*  
9 *(3) this bill is enacted after AB 304, in which case Section 4 of this*  
10 *bill shall not become operative.*

